

Notes to the Accounts

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in manufacturing and sale of winery products, provision of container and cargo handling services, operation of a toll road in Tianjin, trading of garments, chemical products and electrical components and sale of properties.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

(a) Basis of preparation of accounts

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). The accounts are prepared under the historical cost convention.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAP") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

The adoption of these new and revised SSAPs has no material effect on the Group's results other than presentational changes in respect of the presentation of Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement. Certain comparative figures have been reclassified to conform with the current year's presentation.

(b) Consolidation

The Group accounts include the accounts of the Company and its subsidiaries made up to 31st December. The group accounts also include the Group's share of post acquisition profits less losses, and reserves, of its associated companies and jointly controlled entities.

The results of subsidiaries, associated companies and jointly controlled entities acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Consolidation (Cont'd)

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/negative goodwill or goodwill/negative goodwill taken to reserves and was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(c) Goodwill/negative goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries, associated companies or jointly controlled entities at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill on acquisitions that occurred prior to 1st January 2001 was taken directly to reserves.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition. For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves on acquisition. For acquisitions after 1st January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the income statement immediately.

The carrying amount of goodwill, including those previously taken directly to reserves, is reviewed annually and provision is only made where, in the opinion of directors, there is a long-term impairment in value.

(d) Subsidiaries

A company is a subsidiary if the Group controls more than half of the voting power, controls the composition of the board of directors or holds more than half of the issued share capital.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries (Cont'd)

In the Company's balance sheet the investments in subsidiaries are stated at costs less provision for impairment losses, if necessary, for any permanent diminution in value. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(e) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of results of associated companies for the year, and the consolidated balance sheet includes the Group's share of net assets of the associated companies.

(f) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividend income.

(g) Revenue recognition

Sales of goods are recognised when goods are delivered to customers.

Toll revenues are recognised when services are rendered.

Service income is recognised when services are rendered.

Sales of properties under development for sale in advance of completion are set out in note (l).

Rental, interest income and management fee income are recognised on an accruals basis.

Dividend income from investments is recognised when the right to receive payment has been established.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(h) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the fair value of the leased assets. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases and rentals payable net of any incentives received from the leasing company are charged to the profit and loss account evenly over the periods of the respective leases.

(i) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

No depreciation is provided in respect of construction in progress. Land use rights outside Hong Kong are amortised over the periods of the respective leases. Depreciation of ring road is provided on a sinking fund method, compounded at rates ranging from 2.3% to 4.6% per annum, over the terms of the useful life of 30 years.

Depreciation of other fixed assets is calculated to write off the cost of the assets less accumulated impairment losses and estimated residual values using a straight line method over their estimated useful lives as follows:

Leasehold land	over the unexpired lease term
Buildings	20–45 years
Improvements on leased berths	35 years
Plant and machinery	10–18 years
Leasehold improvement, furniture and equipment	5–10 years
Motor vehicles	5–12 years
Others	5 years

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(i) Fixed assets and depreciation (Cont'd)

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(j) Investments

Investments held for the long term are stated at cost less provision for impairment losses, if any.

Short term investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value are recognised in the profit and loss account. Profits or losses on disposal, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(k) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, calculated on a weighted average basis, comprises materials, direct labour and an appropriate portion of production overheads. Net realisable value is determined on the basis of anticipated sales proceed less estimated cost to completion and selling expenses.

(l) Properties under development held for sale

Properties under development held for sale are included under current assets and comprise land cost, construction costs and other direct costs attributable to such properties, less allowances for any foreseeable losses.

Such properties are sold in advance of completion, profit is recognised over the course of the development and is computed as proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of the construction works completed and the proportion of sales proceeds received to total estimated sales proceeds.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(l) Properties under development held for sale (Cont'd)

Where purchasers fail to pay the balance of the purchase price on completion and the Group exercises its entitlement to resell the property, sales deposits received in advance of completion which are forfeited are credited to operating profit; and any profits recognised up to the date of completion are written back.

Properties completed and remain unsold as at year end are included in current assets and stated at the lower of cost and net realisable value.

(m) Deferred taxation

Deferred taxation is accounted for at the current tax rates in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(n) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at banks, cash investment with a maturity of three months or less from date of investment less bank overdrafts.

(o) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(p) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at an average rate. Exchange differences are dealt with as a movement in reserves.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(p) Foreign currencies (Cont'd)

In prior years, the profit and loss account of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies were translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior years has not been restated as the effect of this change is not material to the current and prior years.

(q) Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(r) Related companies

Related companies represent former holding companies of the subsidiaries comprising the Group after the Group's restructuring and companies or entities controlled by these former holding companies and the existing holding companies, other than companies comprising the Group.

(s) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Notes to the Accounts

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(u) Employee benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Employees of the Group's PRC subsidiaries are members of state-managed employee pension scheme operated by the Tianjin Municipal People's Government which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the schemes. In addition, the Group also contributes to a mandatory provident fund scheme for all Hong Kong employees. All these contributions are based on a certain percentage of the staff's salary and are charged to the profit and loss account as incurred.

(v) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated items represent net corporate expenses or income. Segment assets consist primarily of fixed assets, investments in associated companies and jointly controlled entities, properties under development held for sale, completed properties held for sale, stocks, receivables and exclude amounts due from related companies and holding company, long term investments, short term investments, taxation recoverable and bank balances and cash. Segment liabilities consist of trade payables and other payables and accruals and exclude taxation payable, amounts due to related companies and holding company, minority interests and corporate borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales are based on the country in which the Group's production or service facilities are located. Total assets and capital expenditure are where the assets are located.

Notes to the Accounts

3. TURNOVER AND REVENUES

The turnover is net of value added tax, less discounts and returns where applicable.

	2002	2001
	HK\$'000	HK\$'000
Turnover		
Manufacturing and sale of winery products	621,508	532,356
Provision of container handling services	309,036	233,209
Provision of cargo handling services	261,580	246,838
Operation of Eastern Outer Ring Road	261,094	216,180
Trading in garments, chemical products and electrical components	156,193	169,994
Sales of properties	135,848	92,125
	1,745,259	1,490,702
Other revenues		
Gain on deemed disposals and disposal of partial interest in an associated company	24,924	49,931
Interest income from bank deposits and others	13,046	34,708
Dividends from unlisted long term investments	143	320
Consideration received from share options	—	1,200
Rental income from plant and machinery	—	145
Sundries	3,474	12,008
	41,587	98,312

Notes to the Accounts

4. OPERATING PROFIT BEFORE FINANCING

	2002 HK\$'000	2001 HK\$'000
Operating profit before financing is stated after charging/(crediting):		
Cost of stocks and completed properties sold	492,969	477,962
Staff cost		
Wages and salaries	255,911	210,496
Retirement benefit costs	26,201	23,535
Auditors' remuneration	2,652	2,847
Exchange loss/(gain)	125	(228)
Depreciation		
Owned fixed assets	136,689	115,248
Leased fixed assets	53	53
Net loss on disposal of fixed assets	5,387	3,047
Operating lease expense on		
Land and buildings	22,103	24,151
Berths, railway and storage space	19,258	19,258
Plant and equipment	6,439	7,012
Provision for bad and doubtful debts	74,963	36,857
Provision for obsolete stocks	3,523	10,566
Provision for long term investments	2,418	3,518

5. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on bank and other loans wholly repayable within five years	84,087	93,924
Interest expense on convertible bonds	3,315	—
	87,402	93,924
Less: Amount capitalised under properties under development	(6,034)	(6,051)
	81,368	87,873

Notes to the Accounts

6. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' emoluments

	2002 HK\$'000	2001 HK\$'000
Fees	7,188	8,525
Salaries and other emoluments	1,017	1,059
Discretionary bonuses	—	—
	8,205	9,584

	Number of individuals	
	2002	2001
Emolument bands (HK\$)		
Nil – 1,000,000	11	11
1,000,001 – 1,500,000	4	2
1,500,001 – 2,000,000	—	2
	15	15

Remuneration paid to independent non-executive directors for the year represents fees amounting to HK\$900,000 (2001: HK\$765,000). During the year, none of the directors had waived their directors' fees (2001: Nil).

(b) Senior management emoluments

Details of the emoluments paid to the five individuals, including 4 directors (2001: 4 directors), whose emoluments were the highest in the Group are as follows:

	2002 HK\$'000	2001 HK\$'000
Fees	3,984	5,664
Salaries and other emoluments	1,794	1,631
	5,778	7,295

Notes to the Accounts

6. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

(b) Senior management emoluments (Cont'd)

Emolument bands (HK\$)	Number of individuals	
	2002	2001
Nil – 1,000,000	1	1
1,000,001 – 1,500,000	4	2
1,500,001 – 2,000,000	—	2
	5	5

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office (2001: Nil).

7. TAXATION

	2002	2001
	HK\$'000	HK\$'000
Company and subsidiaries		
Hong Kong profits tax	113	67
Under/(over) provision of Hong Kong profits tax	14	(2,942)
PRC income tax	61,146	45,390
Associated companies		
PRC income tax	17,111	11,843
Jointly controlled entities		
PRC income tax	383	—
	78,767	54,358

Hong Kong profits tax has been provided at the rate of 16% on the estimated taxable profit for the year (2001: 16%).

Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated taxable profit for the year.

Notes to the Accounts

7. TAXATION (Cont'd)

In accordance with an approval document issued by the Tianjin Finance Bureau on 6th November 1997, with effect from the listing of the Company, the income tax rate applicable to Tianjin Harbour Second Stevedoring Co., Ltd. and Tianjin Port Container Terminal Co., Ltd. is 15%.

In accordance with approval documents dated 12th November 1997 issued by the State Tax Bureau, Tianjin Tai Kang Industrial Co., Ltd. and Tianjin Heavenly Palace Winery Co., Ltd. are exempted from income tax for two years starting from the first year of profit generation, followed by a 50% reduction for the next three years.

Further, in accordance with an approval document issued by the Tianjin Finance Bureau on 4th November 1997, Tianjin Jin Zheng Transportation Development Co., Ltd. is exempted from income tax for five years starting from the first year of profit generation. The company will be refunded for any tax paid in excess of the tax rate of 7.5% for the next five years and in excess of the tax rate of 15% thereafter. Pursuant to another document issued by State Tax Bureau dated 21st December 2001, the income tax rate applicable to Tianjin Jin Zheng Transportation Development Co., Ltd is 7.5% from 2002 to 2004, and 15% thereafter.

The Group had no significant unprovided deferred taxation for the year.

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$93,553,000 (2001: HK\$174,819,000).

9. DIVIDENDS

	2002 HK\$'000	2001 HK\$'000
2002 final dividends, proposed, of 3.3 HK cents (2001: final, paid, of 2.5 HK cents per share)	22,365	16,944
2002 interim, paid, of 3.3 HK cents (2001: 4.0 HK cents) per share	22,365	27,110
	44,730	44,054

At a meeting held on 23rd April 2003 the directors proposed a final dividend of 3.3 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2003.

Notes to the Accounts

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit attributable to shareholders of HK\$185,839,000 (2001: HK\$173,837,000) and the weighted average number of 677,750,000 ordinary shares in issue (2001: 642,555,479 shares) during the year.

The calculation of diluted earnings per share in 2001 was based on profit attributable to shareholders of HK\$173,837,000 and the weighted average number of 642,555,479 ordinary shares in issue during the year plus the weighted average number of 3,468,223 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised. In 2002, the share options have no dilutive effect on basic earnings per share.

11. FIXED ASSETS

Group

	Land and buildings	Ring road on leased berths	Improvement on leased berths	Plant and machinery	Leasehold improvement, furniture and equipment	Motor vehicles	Construction in progress	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost									
At 1st January 2002	392,529	1,967,154	311,145	625,938	10,692	49,701	21,992	35,305	3,414,456
Additions	38,760	264	—	12,722	2,174	3,694	393,401	9,054	460,069
Transfers upon completion	1,684	—	52,051	318,342	650	484	(373,490)	279	—
Disposals	(9,069)	—	—	(11,565)	(174)	(642)	—	(222)	(21,672)
At 31st December 2002	423,904	1,967,418	363,196	945,437	13,342	53,237	41,903	44,416	3,852,853
Accumulated depreciation									
At 1st January 2002	58,219	138,379	4,967	194,240	4,541	19,670	—	21,529	441,545
Charge for the year	15,045	47,762	8,017	55,659	1,364	4,542	—	4,353	136,742
Written back on disposals	(2,003)	—	—	(9,629)	(123)	(340)	—	(184)	(12,279)
At 31st December 2002	71,261	186,141	12,984	240,270	5,782	23,872	—	25,698	566,008
Net book value									
At 31st December 2002	352,643	1,781,277	350,212	705,167	7,560	29,365	41,903	18,718	3,286,845
At 31st December 2001	334,310	1,828,775	306,178	431,698	6,151	30,031	21,992	13,776	2,972,911

Notes to the Accounts

11. FIXED ASSETS (Cont'd)

Company

	Leasehold land HK\$'000	Leasehold improvement, furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1st January 2002	84,639	2,189	2,540	89,368
Additions	—	164	—	164
At 31st December 2002	84,639	2,353	2,540	89,532
Accumulated depreciation				
At 1st January 2002	2,361	608	1,969	4,938
Charge for the year	1,771	235	427	2,433
At 31st December 2002	4,132	843	2,396	7,371
Net book value				
At 31st December 2002	80,507	1,510	144	82,161
At 31st December 2001	82,278	1,581	571	84,430

(a) The cost of the Group's property interests comprises:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Properties held in Hong Kong				
Medium term lease	1,205	1,205	—	—
Properties held in the PRC				
Long term leases	130	130	—	—
Medium term leases	422,569	391,194	84,639	84,639
Ring Road in PRC				
Medium term leases	1,967,418	1,967,154	—	—
	2,391,322	2,359,683	84,639	84,639

Notes to the Accounts

11. FIXED ASSETS (Cont'd)

- (b) Included in ring road is an amount of HK\$23,388,000 (2001: HK\$23,388,000) representing borrowing costs capitalised.
- (c) As at 31st December 2002, certain of the Group's fixed assets, with an aggregate net book value of approximately HK\$1,781 million (2001: HK\$1,829 million) were pledged to banks to secure banking facilities of the subsidiaries.
- (d) The net book value of fixed assets held under finance lease amounted to HK\$105,736 (2001: HK\$158,600).

12. SUBSIDIARIES

	Company	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	2,976,319	2,976,319
Amounts due from subsidiaries	1,169,351	900,667
Amounts due to subsidiaries	(201,804)	(68,919)
	3,943,866	3,808,067

Details of principal subsidiaries, which in the directors' opinion, materially affect the results or net assets of the Group at 31st December 2002 are set out in note 36.

13. ASSOCIATED COMPANIES

	Group		Company	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group's share of net assets				
Unlisted shares	191,746	186,610	—	—
Listed shares in Hong Kong	142,040	100,737	—	—
	333,786	287,347	—	—
Amounts due to associated companies	(1,882)	(1,891)	—	—
Amounts due from associated companies	4,202	849	2,000	—
	336,106	286,305	2,000	—
Market value of listed shares	370,200	372,400	—	—

Notes to the Accounts

13. ASSOCIATED COMPANIES (Cont'd)

- (a) Details of principal associated companies, which in the directors' opinion, materially affect the results or net assets of the Group at 31st December 2002 are set out in note 37.
- (b) The summary of the financial information of each of the material associated companies, Wah Sang Gas Holdings Limited and Otis Elevator (China) Investment Co., Ltd are as follows:

(i) Wah Sang Gas Holdings Limited (Note)

	2002			2001
	For the three months ended 31st March HK\$'000	For the nine months ended 31st December HK\$'000	Aggregate for twelve months ended 31st December HK\$'000	Aggregate for twelve months ended 31st December HK\$'000
Turnover	97,482	564,694	662,176	380,350
Operating profit before taxation	27,794	210,992	238,786	122,673
Profit after taxation	26,078	204,713	230,791	122,534
Minority interests	(1,606)	(5,572)	(7,178)	(4,661)
Profits attributable to shareholders	24,472	199,141	223,613	117,873
Share of profit after taxation attributable to the Group			49,902	29,633

Note:

Wah Sang Gas Holdings Limited has year end date on 31st March and, being listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, is required to publish unaudited results as shown above.

Notes to the Accounts

13. ASSOCIATED COMPANIES (Cont'd)

(i) Wah Sang Gas Holdings Limited (Cont'd)

	As at 31st December 2002 HK\$'000	As at 31st December 2001 HK\$'000
Assets and liabilities		
Fixed assets	751,511	378,154
Current assets	383,365	259,520
Current liabilities	(260,115)	(181,661)
Long term liabilities	(231,896)	(25,946)
Minority interests	(17,917)	(22,414)
Net assets	624,948	407,653
Share of net assets attributable to the Group	142,040	100,737

(ii) Otis Elevator (China) Investment Co. Ltd.

	2002 HK\$'000	2001 HK\$'000
Turnover	1,933,672	1,748,903
Operating profit before taxation	149,580	93,126
Profit after taxation	120,083	66,753
Minority interests	(3,690)	(7,548)
Profits attributable to shareholders	116,393	59,205
Share of profit after taxation attributable to the Group	38,810	19,742

Notes to the Accounts

13. ASSOCIATED COMPANIES (Cont'd)

(ii) Otis Elevator (China) Investment Co. Ltd. (Cont'd)

	As at 31st December 2002 HK\$'000	As at 31st December 2001 HK\$'000
Fixed assets	399,655	406,280
Other long term assets	185,527	14,074
Current assets	1,600,073	1,617,249
Current liabilities	(1,790,158)	(1,642,525)
Minority interests	(33,523)	(23,659)
Net assets	361,574	371,419
Share of net assets attributable to the Group	137,288	134,239

14. JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost less provision	—	—	37,693	41,813
Group's share of net assets	114,923	36,661	—	—
Amounts due by	26	—	—	—
	114,949	36,661	37,693	41,813

The Company entered into a conditional agreement to dispose its entire interest in Tianjin Pepsi-cola Beverage Company Limited for a consideration of RMB40 million. The disposal was completed subsequent to the year end.

Details of jointly controlled entities are set out in note 38.

Notes to the Accounts

15. LONG TERM INVESTMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Unlisted investments, at cost	267,455	106,503	160,623	—
Loans to investee companies	67,010	67,010	—	—
	334,465	173,513	160,623	—
Provisions for impairment	(4,931)	(2,513)	—	—
	329,534	171,000	160,623	—

The investments include cost of HK\$160.6 million (2001: Nil) in 4,000 non-voting convertible redeemable preference shares of Golden Horse Resources Limited ("Golden Horse"). The sole asset of Golden Horse is its interest in the entire issued share capital of China Mass Transit Development Company Limited, which in turn holds 60% equity interest in each of five joint ventures in the Peoples' Republic of China. These joint ventures have been granted the exclusive construction and operating rights in respect of Jinbin Expressway, in Tianjin, PRC.

The investments also include cost of HK\$81.9 million (2001: HK\$81.9 million) and loans of HK\$67 million (2001: HK\$67 million) in fourteen joint ventures which build, operate and manage Tang Jin Expressway in each of which the Group holds a 6.62% equity interest. The loans are unsecured, interest free and have no fixed repayment terms.

16. PROPERTIES UNDER DEVELOPMENT HELD FOR SALE

	Group	
	2002 HK\$'000	2001 HK\$'000
Land costs (<i>Note</i>)	440,664	48,983
Development and incidental costs	57,973	115,449
Interest capitalised	7,062	4,365
	505,699	168,797

Note:

Land costs include an amount of RMB368.9 million (approximately HK\$347.8 million) representing the investment cost in a parcel of land located in Tianjin. The land use right period is 50 years.

Notes to the Accounts

17. STOCKS

	Group	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	78,145	99,091
Work in progress	19,473	27,523
Finished goods	88,963	94,195
Consumable stocks	15,304	8,436
Less: Provision for slowing moving stocks	(5,173)	(12,427)
	196,712	216,818

At 31st December 2002, the carrying amount of stocks that are carried at net realisable value amounted to HK\$2 million (2001: HK\$0.5 million).

18. BALANCES WITH RELATED COMPANIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Amounts due from related companies (<i>note a</i>)	54,285	63,822
Amounts due to related companies (<i>note a</i>)	(758)	(2,833)
Construction costs payable to a minority shareholder (<i>note b</i>)	(90,138)	(96,649)
	(90,896)	(99,482)

Notes:

- (a) Amount receivable and payable are unsecured, interest free and have no fixed repayment terms.
- (b) Amounts payable to Eastern Outer Ring Road Company Limited relate to the construction costs of a toll road owned by the Group.

Notes to the Accounts

19. TRADE RECEIVABLES

The aging analysis of the Group's trade receivables (net of provisions) are as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Below 30 days	162,743	89,134
30 to 90 days	21,192	40,212
91 to 180 days	8,537	11,779
Over 180 days	38,742	106,341
	231,214	247,466

The various group companies have different credit policies dependent on the requirements of the markets and the businesses which they operate. In general, credit terms of 90 days are given to customers.

20. SHORT TERM INVESTMENTS

	Group	
	2002	2001
	HK\$'000	HK\$'000
Designated deposits	60,380	—
Listed shares in Hong Kong	2,505	—
	62,885	—
Market values of listed shares	2,505	—

The designated deposits are placed with securities companies in PRC mainland as trust deposits for investment purposes. Such deposits are redeemable within one year from date of placement.

Notes to the Accounts

21. BANK BALANCES AND CASH

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Restricted balances	16,844	25,609	—	—
Unrestricted balances	1,062,453	1,479,916	52,982	175,440
	1,079,297	1,505,525	52,982	175,440

The restricted balances have been pledged as securities for certain short term loans.

22. TRADE PAYABLES

The aging analysis of the Group's trade payables are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Below 30 days	68,049	59,800
30 to 90 days	13,603	3,684
91 to 180 days	10,233	1,732
Over 180 days	2,600	7,079
	94,485	72,295

23. BALANCES WITH ULTIMATE HOLDING COMPANY AND A FELLOW SUBSIDIARY COMPANY

The amounts receivable are unsecured, interest free and have no fixed terms of repayment. The amount payable is unsecured, carries interest at 8.30% per annum and repayable on demand.

Notes to the Accounts

24. SHARE CAPITAL

	2002 HK\$'000	2001 HK\$'000
Authorised:		
3,000,000,000 shares of HK\$0.10 each	300,000	300,000
Issued and fully paid:		
At beginning of the year	67,775	60,175
Issue of shares	—	7,600
At the end of the year	67,775	67,775

On 30th March 2001, the Company entered into an agreement whereby the Company has agreed to grant to a third party an option for subscription of 120,000,000 new shares of the Company at a price of HK\$2 per share during the period from 31st March 2001 to 30th March 2002. The consideration paid by the grantee to the Company for granting the option was HK\$1,200,000. In 2001, pursuant to the option agreement, 76,000,000 ordinary shares were issued at HK\$2 per share.

At 31st December 2002, the Company had outstanding options granted to directors and employees under the Company's share option scheme to subscribe for 28,668,000 shares of the Company of which 13,668,000 options are exercisable at HK\$3.34 and at any time prior to 17th March 2004, and 13,500,000 options are exercisable at HK\$6.136 and at any time prior to 21st November 2007, 500,000 options are exercisable at HK\$2.204 from 1st January 2002 to 21st November 2007 and 1,000,000 options are exercisable at HK\$2.204 from 1st July 2002 to 21st November 2007.

Notes to the Accounts

25. RESERVES

Group

	Capital reserve HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Goodwill reserve HK\$'000	Statutory reserves HK\$'000	Exchange reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000
At 1st January 2001	11,642	3,398,594	28,401	(872,138)	90,919	11,667	326,947	2,996,032
Exchange differences	—	—	—	—	—	(1,828)	—	(1,828)
Transfers	—	—	11,472	—	33,468	—	(44,940)	—
Profit for the year	—	—	—	—	—	—	173,837	173,837
Dividends	—	—	—	—	—	—	(42,279)	(42,279)
Realised on deemed disposals of and disposal of partial interest in an associated company	—	—	—	9,251	—	—	—	9,251
Issue of new shares	—	144,400	—	—	—	—	—	144,400
Share issue expenses	—	(253)	—	—	—	—	—	(253)
At 1st January 2002	11,642	3,542,741	39,873	(862,887)	124,387	9,839	413,565	3,279,160
Exchange differences	—	—	—	—	—	801	—	801
Transfers	—	—	8,887	—	21,787	—	(30,674)	—
Profit for the year	—	—	—	—	—	—	185,839	185,839
Dividends	—	—	—	—	—	—	(39,309)	(39,309)
Realised on deemed disposals of and disposal of partial interest in an associated company	—	—	—	3,146	—	—	—	3,146
At 31st December 2002	11,642	3,542,741	48,760	(859,741)	146,174	10,640	529,421	3,429,637

(a) Goodwill attributable to associated companies amounts to HK\$700,237,000 (2001: HK\$703,383,000). Retained profit and accumulated losses attributable to associated companies and jointly controlled entities amounts to HK\$133,898,000 (2001: HK\$84,716,000) and HK\$7,033,000 (2001: HK\$5,152,000), respectively. All other reserves of the Group are dealt with in the accounts of the Company and its subsidiaries.

(b) Statutory reserves and general reserves are reserves required by the relevant PRC laws applicable to the Group's subsidiaries and cannot be used for distribution in the form of cash dividends.

Notes to the Accounts

25. RESERVES (Cont'd)

Company

	Share premium HK\$'000	Retained profit HK\$'000	Total HK\$'000
At 1st January 2001	3,398,594	23,059	3,421,653
Issue of shares	144,400	—	144,400
Share issue expense	(253)	—	(253)
Profit for the year	—	174,819	174,819
Dividends	—	(42,279)	(42,279)
At 31st December 2001	3,542,741	155,599	3,698,340
Profit for the year	—	93,553	93,553
Dividends	—	(39,309)	(39,309)
At 31st December 2002	3,542,741	209,843	3,752,584

The Company's reserve available for distribution to shareholders as at 31st December 2002 is represented by the retained profit of HK\$209,843,000 (2001: HK\$155,599,000).

Notes to the Accounts

26. LONG TERM LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank loans				
secured	801,434	856,033	—	—
unsecured	714,440	430,961	424,125	348,075
Convertible bonds (Note)	156,000	—	—	—
Obligation under finance lease	25	120	25	120
	1,671,899	1,287,114	424,150	348,195
Less: Amounts due within one year included under current liabilities	314,950	297,544	314,950	37,145
Amounts due after one year	1,356,949	989,570	109,200	311,050
The maturity of the Group's long term liabilities is as follows:				
Bank loans				
Within one year	314,925	297,449	314,925	37,050
In the second year	755,575	455,712	39,000	295,425
In the third to fifth years inclusive	445,374	533,833	70,200	15,600
	1,515,874	1,286,994	424,125	348,075
Convertible bonds				
In the third to fifth years inclusive	156,000	—	—	—
Obligation under finance lease				
Within one year	25	95	25	95
In the second year	—	25	—	25
	25	120	25	120
	1,671,899	1,287,114	424,150	348,195

Notes to the Accounts

26. LONG TERM LIABILITIES (Cont'd)

The Group's and the Company's finance lease liabilities were repayable as follows:

	2002 HK\$'000	2001 HK\$'000
Within one year	25	101
In the second year	—	26
	25	127
Future finance charges on finance leases	—	(7)
	25	120

Note:

On 18th April 2002, the Group issued US\$20,000,000 convertible bonds which are listed on the Luxembourg Stock Exchange and carry interest at 3% per annum payable semi-annually in arrears. Each bondholder has the option to convert the bonds into shares of the Company of HK\$0.10 each at a conversion price of HK\$2.69 per share, subject to adjustment, at any time from 18th April 2003 to 11th April 2005.

Unless previously purchased and cancelled, redeemed or converted, the bonds will be redeemed at 106.39% of their principal amount plus accrued interest on 18th April 2005.

Notes to the Accounts

27. OPERATING LEASE COMMITMENTS

At 31st December 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Land and buildings				
Not later than one year	13,466	12,977	7,301	6,488
Later than one year and not later than five years	26,295	27,974	240	2,233
Later than five years	64,043	69,713	—	—
	103,804	110,664	7,541	8,721
Equipment, berths, railway				
Not later than one year	19,356	19,257	—	—
Later than one year and not later than five years	81,996	80,121	—	—
Later than five years	224,967	246,198	—	—
	326,319	345,576	—	—
Plant and machinery				
Not later than one year	3,723	4,434	—	—
Later than one year and not later than five years	14,894	17,736	—	—
Later than five years	36,614	48,035	—	—
	55,231	70,205	—	—
	485,354	526,445	7,541	8,721

Notes to the Accounts

28. CAPITAL COMMITMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Authorised but not contracted for				
Improvements on leased berths	37,000	207,000	—	—
Land and building	19,500	—	—	—
	56,500	207,000	—	—
Contracted but not provided for in respect of				
Improvements on leased berths	78,000	234,000	—	—
Tang Jin Expressway	33,635	55,955	—	—
	111,635	289,955	—	—

29. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees given to banks in respect of banking facilities extended to				
Subsidiaries	—	—	1,450,000	1,291,000
An associated company	—	11,503	—	—
A jointly controlled entity	28,286	—	—	—

Notes to the Accounts

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit before financing to net cash inflow from operating activities

	2002 HK\$'000	2001 HK\$'000
Operating profit before financing	296,103	303,540
Interest income	(13,046)	(34,708)
Depreciation	136,742	115,301
Net loss on disposal of fixed assets	5,387	3,047
Gain on deemed disposal of interest in an associated company	(3,759)	(25,094)
Gain on disposal of partial interest in an associated company	(21,165)	(24,837)
Operating profit before working capital changes	400,262	337,249
Decrease/(increase) in stocks	20,106	(8,259)
Decrease in trade receivables	16,252	139,198
Decrease in other receivables, deposits and prepayments	17,517	113,095
Increase/(decrease) in trade payables	22,190	(8,372)
Increase in other payables and accruals	30,383	81,455
Increase in completed properties held for sale	(122,962)	—
Increase in short term investments	(62,885)	—
Decrease/(increase) in net amounts due from ultimate holding company	6,153	(15,827)
Increase in amount due to a fellow subsidiary	28,286	—
Increase/(decrease) in net balances due to related companies	951	(98,132)
Exchange differences	801	(1,828)
Net cash inflow generated from operations	357,054	538,579

Notes to the Accounts

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

(b) Analysis of changes in financing during the year

	Dividend payable HK\$'000	Share capital including premium HK\$'000	Minority interests HK\$'000	Bank loans, convertible bonds and finance lease obligation HK\$'000	Total HK\$'000
At 1st January 2001	—	3,458,769	455,400	1,474,415	5,388,584
Dividends	42,279	—	—	—	42,279
Net cash inflows/(outflows) from financing	(42,279)	151,747	61,754	(98,413)	72,809
Share of profits and reserves attributable to minority shareholders	—	—	53,248	—	53,248
Dividends to minority shareholders	—	—	(25,373)	—	(25,373)
At 31st December 2001	—	3,610,516	545,029	1,376,002	5,531,547
Dividends	39,309	—	—	—	39,309
Net cash inflows/(outflows) from financing	(39,309)	—	—	390,086	350,777
Share of profits and reserves attributable to minority shareholders	—	—	64,601	—	64,601
Dividends to minority shareholders	—	—	(46,546)	—	(46,546)
At 31st December 2002	—	3,610,516	563,084	1,766,088	5,939,688

(c) Analysis of balances of cash and cash equivalents

	2002 HK\$'000	2001 HK\$'000
Bank balances and cash	1,079,297	1,505,525
Short term bank loans and overdrafts repayable within three months from the date of advance	(83,586)	(79,242)
	995,711	1,426,283

Notes to the Accounts

31. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the year which in the opinion of the directors are carried out in the normal course of the Group's business:

	2002 HK\$'000	2001 HK\$'000
Transactions with Tianjin Port Authority and its associates		
Service fees paid for supporting services and auxiliary services (<i>note (b)</i>)	27,761	24,922
Purchase of stocks (<i>note (b)</i>)	32,167	35,471
Rental for berths, railway and storage space (<i>note (a)</i>)	19,258	19,258
Rental for land (<i>note (a)</i>)	6,554	6,435
Rental for equipment (<i>note (a)</i>)	3,723	4,975
Transactions with Tianjin Agricultural Cultivation Group Company and its associates		
Investment in a joint venture (<i>note (b)</i>)	56,600	—
Packaging services (<i>note (a)</i>)	21,950	19,141
Purchase of unprocessed wine (<i>note (a)</i>)	12,791	18,861
Purchase of packaging materials (<i>note (a)</i>)	14,912	—
Rental for electricity transformation station (<i>note (b)</i>)	2,037	2,037
Transaction with Tianjin Engineering Bureau		
Management fee paid (<i>note (a)</i>)	30,748	28,737
Partial disposal of interest in a subsidiary (<i>note (b)</i>)	—	62,700
Transactions with Tsinlien Group Company Limited and its associates		
Rental on land and buildings (<i>note (a)</i>)	6,227	6,426
Interest expense (<i>note (c)</i>)	1,680	—
Management fee paid (<i>note (a)</i>)	1,164	1,164

Notes:

- (a) These transactions were conducted in accordance with agreements entered into at the time of the restructuring in preparation for listing of the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") in late 1997.
- (b) These transactions were conducted in accordance with agreements entered into subsequent to the listing as referred to (a) above.
- (c) Interest expenses was calculated at rate of 8.30% per annum on the outstanding loan balance.

Notes to the Accounts

31. RELATED PARTY TRANSACTIONS (Cont'd)

All the above transactions constitute connected transactions as defined under Chapter 14 of the Listing Rules on the Stock Exchange except for interest expenses paid.

32. SUBSEQUENT EVENT

The Group is undergoing a restructure pursuant to which the Group will spin-off its operations in toll roads with intention to list on the main board of the Stock Exchange. The restructuring upon finalisation will have no significant impact on the financial position of the Group as at year end.

33. ULTIMATE HOLDING COMPANY

The directors of the Company consider Tsinlien Group Company Limited, a company incorporated in Hong Kong, as being the ultimate holding company.

34. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 23rd April 2003.

Notes to the Accounts

35. SEGMENT INFORMATION

Primary reporting format — business segments

	Year ended 31st December 2002									
	Winery HK\$'000	Container handling HK\$'000	Cargo handling HK\$'000	Operation of Eastern Outer Ring Road HK\$'000	Trading HK\$'000	Property development HK\$'000	Elevator and escalator HK\$'000	Gas fuel supply HK\$'000	Others HK\$'000	Group HK\$'000
Turnover	621,508	309,036	261,580	261,094	156,193	135,848	—	—	—	1,745,259
Segment results	159,843	90,939	(22,591)	149,015	(54,109)	1,682	—	—	—	324,779
Gain on deemed disposals and disposal of partial interest in an associated company										24,924
Interest income										13,046
Net corporate expenses										(66,646)
Operating profit before financing										296,103
Finance costs										(81,368)
Share of profits less losses of Associated companies	—	60	3,659	—	—	—	58,794	54,448	(991)	115,970
Jointly controlled entities	(70)	—	—	—	—	—	—	—	(1,428)	(1,498)
Profit before taxation										329,207
Taxation										(78,767)
Profit after taxation										250,440
Minority interests										(64,601)
Profit attributable to shareholders										185,839
Segment assets										
Fixed assets	180,982	826,899	382,436	1,786,860	555	82,647	—	—	26,466	3,286,845
Associated companies	—	5,483	21,646	—	—	—	165,928	142,040	1,009	336,106
Jointly controlled entities	9,357	—	—	—	—	—	—	—	105,592	114,949
Other assets	356,662	25,087	73,980	194	64,109	628,767	45,187	—	94,836	1,288,822
Unallocated assets										1,542,250
Consolidated total assets										6,568,972
Segment liabilities										
Minority interests	178,933	4,199	307	189,647	—	25,027	169,883	—	(4,912)	563,084
Other liabilities	266,972	12,069	40,418	22,611	45,050	81,424	9,305	—	16,667	494,516
Unallocated liabilities										2,013,960
Consolidated total liabilities										3,071,560
Capital expenditure	20,012	295,209	117,840	1,426	877	457	—	—	24,248	460,069
Depreciation	20,247	40,704	23,675	48,450	401	44	—	—	3,221	136,742
Provision for long term investments	—	—	—	—	2,418	—	—	—	—	2,418

Notes to the Accounts

35. SEGMENT INFORMATION (Cont'd)

Primary reporting format — business segments

	Year ended 31st December 2001									
	Winery HK\$'000	Container handling HK\$'000	Cargo handling HK\$'000	Operation of Eastern Outer Ring Road HK\$'000	Trading HK\$'000	Property development HK\$'000	Elevator and escalator HK\$'000	Gas fuel supply HK\$'000	Others HK\$'000	Group HK\$'000
Turnover	532,356	233,209	246,838	216,180	169,994	92,125	—	—	—	1,490,702
Segment results	135,138	50,486	7,321	108,352	(33,105)	4,036	—	—	—	272,228
Gain on deemed disposals and disposal of partial interest in an associated company										49,931
Interest income										34,708
Net corporate expenses										(53,327)
Operating profit before financing										303,540
Finance costs										(87,873)
Share of profits less losses of Associated companies	—	—	3,322	—	—	—	34,492	33,196	—	71,010
Jointly controlled entities	—	—	—	—	—	—	—	—	(5,234)	(5,234)
Profit before taxation										281,443
Taxation										(54,358)
Profit after taxation										227,085
Minority interests										(53,248)
Profit attributable to shareholders										173,837
Segment assets										
Fixed assets	181,498	572,845	296,917	1,833,884	730	87,037	—	—	—	2,972,911
Associated companies	—	5,443	17,883	—	—	—	162,242	100,737	—	286,305
Jointly controlled entities	—	—	—	—	—	—	—	—	36,661	36,661
Other assets	411,819	41,497	87,162	67	90,853	171,029	30,330	—	50,076	882,833
Unallocated assets										1,756,757
Consolidated total assets										5,935,467
Segment liabilities										
Minority interests	164,436	4,646	(712)	193,785	—	23,537	162,640	—	(3,303)	545,029
Other liabilities	238,623	60,133	31,010	13,045	23,018	44,936	12,220	145	18,082	441,212
Unallocated liabilities										1,602,291
Consolidated total liabilities										2,588,532
Capital expenditure	25,415	196,496	16,077	707	59	921	—	—	—	239,675
Depreciation	18,244	23,515	25,870	44,727	234	2,711	—	—	—	115,301
Provision for long term investments	—	3,518	—	—	—	—	—	—	—	3,518

Notes to the Accounts

35. SEGMENT INFORMATION (Cont'd)

Secondary reporting format — geographical segments

	Turnover HK\$'000	Segment results HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
2002				
PRC mainland	1,589,066	378,888	6,394,794	459,192
Hong Kong	156,193	(54,109)	174,178	877
	1,745,259	324,779	6,568,972	460,069
2001				
PRC mainland	1,320,708	305,333	5,619,680	239,616
Hong Kong	169,994	(33,105)	315,787	59
	1,490,702	272,228	5,935,467	239,675

Notes to the Accounts

36. PRINCIPAL SUBSIDIARIES

Name	Principal activities	Issued and paid up capital/ registered capital	Percentage of effective equity interest held	
			2002	2001
Entities established and operating in the People's Republic of China				
Sino-French Joint-Venture Dynasty Winery Ltd.	Manufacturing and sales of winery products	RMB174,389,000	61.9 <i>(note a)</i>	61.9 <i>(note a)</i>
Tianjin Harbour Second Stevedoring Co., Ltd.	Provision of stevedoring and storage services	RMB356,821,655	100	100
Tianjin Heavenly Palace Winery Co., Ltd.	Investment holding	RMB353,730,400	100	100
Tianjin Jin Zheng Transportation Development Co., Ltd.	Operating and management of Eastern Outer Ring Road	RMB1,104,596,200	83.93 <i>(note a & b)</i>	83.93 <i>(note b)</i>
			86.67 <i>(note c)</i>	86.67 <i>(note c)</i>
Tianjin Port Container Terminal Co., Ltd.	Provision of containers transportation and storage services	RMB632,890,096	100	100
Tianjin Tai Kang Industrial Co., Ltd.	Investment holding	RMB1,030,269,400	82.74	82.74
Tianjin Gang Ning Real Estate Development Co., Ltd.	Properties investment	RMB50,000,000	51	51
Tianjin Tianyang Grape Extracting Co., Ltd.	Manufacturing and sales of winery products	RMB66,532,000	60 <i>(note a)</i>	60 <i>(note a)</i>
Tianjin Development Assets Management Company Limited	Investment holding	RMB32,076,000	100	100
Walfen (Tianjin) Pharmaceutical Company Limited	Research and development of bio-pharmaceutical products	RMB14,200,000	51 <i>(note a)</i>	51 <i>(note a)</i>

Notes to the Accounts

36. PRINCIPAL SUBSIDIARIES (Cont'd)

Name	Principal activities	Issued and paid up capital/ registered capital	Percentage of effective equity interest held	
			2002	2001
Established and operating in Hong Kong				
China Walfen Medical Limited	Investment holding	HK\$100	51 <i>(note a)</i>	51 <i>(note a)</i>
Tsinlien Bolide Co., Limited	Trading of metal wire	HK\$100,000	100 <i>(note a)</i>	100 <i>(note a)</i>
Tsinlien Chemicals Company Limited	Dormant	HK\$100,000	100 <i>(note a)</i>	100 <i>(note a)</i>
Tsinlien Garments Company Limited	Trading of Garments	HK\$100,000	100 <i>(note a)</i>	100 <i>(note a)</i>
Tianjin Development Trading Limited	Trading	HK\$2	100	100

Notes:

- (a) Indirectly held by the Company
- (b) Represents equity interest in the paid up capital of the subsidiary
- (c) Represents profit sharing ratio in the subsidiary

Notes to the Accounts

37. PRINCIPAL ASSOCIATED COMPANIES

Name	Principal activities	Issued and paid up capital/ registered capital	Percentage of effective equity interest held	
			2002	2001
Entities established and operating in the People's Republic of China				
China Tianjin Otis Elevator Co., Ltd.	Manufacturing and sales of elevators and escalators	US\$26,300,000	33.34 <i>(note a)</i>	33.34 <i>(note a)</i>
Guangzhou Otis Elevator Co., Ltd.	Manufacturing and sales of elevators and escalators	US\$12,000,000	32.68 <i>(note a)</i>	26.68 <i>(note a)</i>
Otis Elevator (China) Investment Co., Ltd.	Investment holding	US\$67,625,000	33.34 <i>(note a)</i>	33.34 <i>(note a)</i>
Incorporated in British Virgin Islands and operating in Hong Kong				
Pearl Harbour Investment Limited	Investment holding	US\$2	50	—
Incorporated in Bermuda, operating in and shares listed in Hong Kong				
Wah Sang Gas Holdings Limited	Investment holding	HK\$21,567,000	22.89 <i>(note a)</i>	25.14 <i>(note a)</i>

Note:

(a) The associated companies are indirectly held by the Company.

Notes to the Accounts

38. JOINTLY CONTROLLED ENTITIES

Name	Principal activities	Issued and paid up capital/ registered capital	Percentage of effective equity interest held	
			2002	2001
Established and operating in the People's Republic of China				
Tianjin Pepsi-cola Beverage Company Limited	Manufacturing and sale of Pepsi products and other beverages	RMB100,000,000	44	44
Tianjin Haihe Dairy Company Limited	Manufacturing and sale of dairy products	RMB150,000,000	40 <i>(note a)</i>	—
Ning Xia Tiangong Yuma Winery Co., Ltd	Manufacturing of unprocessed wine	RMB40,000,000	25 <i>(note a)</i>	—
天津經發投資有限公司	Investment holding	RMB50,000,000	30 <i>(note a)</i>	—

Note:

(a) The jointly controlled entities are indirectly held by the Company.